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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 001068

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SUBJECT: A VIEW FROM CHITTAGONG: STRONG SUPPORT FOR THE CURRENT GOVERNMENT

Classified By: Charge d'Affaires a.i. Geeta Pasi, for reasons 1.4(d)

¶1. (SBU) SUMMARY. "Guide and support this government" was the refrain from journalists, businessmen, academics and other elites on a recent visit to Chittagong. While acknowledging problems and imperfections with the government, almost everyone endorsed its anti-corruption agenda and asked the U.S. to be patient and withhold judgment. END SUMMARY.

¶2. (SBU) On a two-day trip to Chittagong, SCA Pakistan and Bangladesh Office Director Karen Aguilar, POLOFF and POLFSN held meetings with local leaders, businessmen, journalists and officials to get a sense of how people outside of Dhaka perceive the current political situation.

OVERALL, STRONG SUPPORT, BUT QUALIFIED

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¶3. (SBU) Overall, the views of government performance in the first six months of the state of emergency were positive. With few exceptions, people expressed support for the government's direction and urged the U.S. to provide support.

¶4. (SBU) The Bangladeshi management staff of Youngone, a Korean-owned garment factory in the Export Promotion Zone (EPZ), hailed the new efficiency of Chittagong port and credited the military with having halted the paralyzing strikes, transportation blockades, and protests that plagued the city in 2006. The Bangladeshi managers cited economic mistakes of the government, such as the mandatory shop closures at 7PM to conserve electricity, which create hardships for people who shop after work, and the shuttering or demolition of thousands of tiny, illegal food stalls, which helped keep the prices of staples down. On the whole, though, they dismissed these as missteps and said the government deserved U.S. support to "guide" it.

¶5. (C) U.S. help in "guiding" the government was also requested by the local correspondents of three national papers. The journalists were more critical of the government and more willing to accuse the military of calling the shots, but nevertheless, they suggested that the economy was functioning better now, and that premature elections would return the country to the old status quo. They admitted they were careful not to cross the military, and that this resulted in self-censorship. However, examples of overt interference by the military in media coverage were uncommon.

"DRAMATIC AND WONDERFUL:" A PORT THAT FINALLY WORKS

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¶16. (SBU) Youngone Managing Director Peter Bauer told us the improvements at Chittagong port are "dramatic and wonderful" and that it now operates like a normal port. He applauded the government for taking drastic steps against corruption, and said the practical differences were noticeable. "We aren't being hit up for bakshish (bribes) from every corner anymore."

¶17. (SBU) During a tour of Chittagong port, new Port Chairman Commodore M. Farooq outlined what he is doing to increase efficiency and improve conditions. He attributed the pre-state of emergency problems at the port to interference from the mayor (now in jail) and labor unions that were more interested in agitation and playing politics than in their membership's welfare. One of Farooq's first acts as chairman was to consolidate the number of recognized port labor unions from 34 down to one, and remove them from street politics. He also cracked down on port workers selling their jobs for a cut of the salary to other workers.

¶18. (SBU) As a result of these measures, according to Farooq, the turn-around time for cargo coming into the port was reduced from nine or ten days to four days. Opportunities for corruption are being reduced by eliminating the number of middlemen involved in port transactions and by ensuring that correct charges were being levied for storing goods on port premises. According to Farooq, for a small bribe port workers would not charge companies the official storage rates, thus cluttering the port and slowing down the trans-shipment of goods.

¶19. (SBU) The elimination of excessive surcharges has brought

DHAKA 00001068 002 OF 002

down the cost of cargo from Singapore to Chittagong from \$340 per ton to \$170 per ton. Farooq said there is a proposal pending with the government to reduce the number of port workers from 8,000 to between 4,000 and 5,000, which would be in line with the staffing of comparably sized foreign ports. Significant reductions have occurred by culling "ghost" workers from the payroll.

MESSAGE TO U.S.: "GUIDE AND HELP US"
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¶10. (C) Key political and civil society figures asked that the U.S. give the government more time to initiate real change in the political system. Former Chittagong University Vice Chancellor Dr. Alamgir Mohammad Serujuddin said this period is a "golden opportunity" to make real changes to how the country runs, and the government needs to prosecute corrupt officials and clean up politics without being rushed into "premature" elections.

¶11. (C) Serujuddin admitted the government and military had made errors -- Chief of Army Staff General Moeen's speech in April which was perceived as a foray into politics, for example, and the human rights abuses committed by the military -- but the military is learning from their mistakes and trying to make adjustments. Former Chittagong Mayor Mahmudul Chowdhury asked the USG to "guide" the government and cooperate with it, and not set a deadline for it to step down. (NOTE: Chowdhury, a disaffected member of former President Ershad's Jatiya Party, is a strong candidate to join a new political party.)

NO PROTESTS IF LADIES CHARGED WITH "REAL" OFFENSES
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¶12. (SBU) Another consensus point that emerged was that if Sheikh Hasina of the Awami League and Khaleda Zia of the Bangladesh Nationalist Party were charged with real crimes, public support for them would dissipate. Amar Desh correspondent Zahidul Karim Kochi told us the onus would be

on the government to prove that the cases against the two ladies were not politically motivated. "Only one thing will be tolerated: convictions based on serious arrests, not on fake charges." If this can be established, their supporters will cut them loose. This point was echoed both by the business community and local leaders.

COMMENT: "GIVE THE GOVERNMENT TIME"

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¶13. (C) The message in Chittagong was remarkably consistent: support the government. Chittagong's pro-business (and pro-stability) perspective is no surprise given the city's dependence on the port and how violent and disruptive political and labor unrest had become there. Nevertheless, these views indicate an enduring reservoir of goodwill towards this government, particularly outside the political bubble of Dhaka.

¶14. (U) This message was drafted after SCA/PB Director Aguilar departed Dhaka.

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